

THE EFFECT OF CORPORATE SOCIAL RESPONSIBILITY ON ORGANIZATIONAL COMMITMENT

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Case study

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A surge of interest in corporate social responsibility (CSR) lead to studies, addressing its effects on organizational outcomes. While some evidence of positive relationships between CSR and organizational commitment exists, this paper identifies two elements of organizational culture - namely CSR values and employee engagement in CSR- and treats them as mediators of this relationship. Responses from 196 survey participants confirm previous findings that employee perceptions of CSR positively affect organizational commitment, but also indicate that each of the identified mediators affects this relationship, and that the effect is stronger when both mediators are included in the model.

Keywords: corporate social responsibility; organizational commitment; Bosnia and Herzegovina.

1. INTRODUCTION

Over the years, corporate social responsibility (CSR) has been explored from different perspectives - normative, institutional, stakeholder, integrative, political, transactional - and this multifaceted approach greatly contributed to our understanding of CSR, even if it still remains an “*essentially contested concept*” (Gond and Moon, 2011). While CSR is often broadly understood as “*actions that appear to further some social good, beyond the interest of the firm and that which is required by law*” (McWilliams and Siegel 2001:117), the firm’s interests have been a great driver of CSR research, visible in the exploration of the link between CSR and firm’s (mostly financial) performance (Waddock and Graves, 1997; McWilliams and Siegel, 2001; Orlitzky et al.,

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2003). Evidence points to the increasing usage of CSR programs as a way of achieving competitive advantage (Matten and Moon, 2008). At the other end of the spectrum, the link between CSR and other organizational outcomes, such as organizational commitment, job satisfaction, and turnover intentions, have remained relatively unexplored (Brammer et al., 2007; Hansen et al., 2010; Turker, 2009b; Lee et al., 2013). While there exist different motivations for CSR, more researchers are beginning to understand and analyze CSR in the context of strategic and value orientation (Jonker and de Witte, 2006), shifting the focus of research from tailoring CSR for better financial performance to that of the overall betterment through CSR (value creation) in the long term, benefitting both stakeholders and the organization. CSR can therefore be redefined as not going beyond firm's interest, but aligning CSR with company interest to create shared value (Porter and Kramer, 2011).

In studying how CSR relates to organizational outcomes, researchers have recently become interested in employees' role (Bolton et al., 2011; Kim et al., 2010). Although scholarly discussions have been pointing to CSR being a participative and integrative process (McLagan, 1999), it often occurs that in practice top management dictates the desired values, without employee involvement (Bolton et al., 2011). As internal stakeholders, employees can have a significant impact on both the development and implementation of CSR strategy. Evidence, although limited, points to the positive relationship between CSR and affective organizational commitment (Brammer et al., 2007; Turker, 2009b).

There exists an agreement among scholars that CSR, if it is to have a positive impact on organizational outcomes, must be integrated into organization's business strategy and its organizational culture (i.e. Jonker and de Witte, 2006; Collier and Esteban 2007; Carlisle and Faulkner, 2004). Involvement in CSR can range from implementing activities in order to improve company's image and increase short-term profit to the more strategic and more value-building approach which over time becomes embedded into the organizational culture. The relationship between CSR and positive outcomes has not been empirically tested while accounting for embedded CSR culture. In order to better understand the effect of CSR on organizational commitment, this paper explores whether employee engagement in CSR and CSR values, as two elements of CSR organizational culture, mediate the impact of CSR on organizational commitment. Research results are relevant to academics studying relationship between CSR and various outcomes, especially affective organizational commitment, as well as to practitioners who can use these

findings to create programs that will help embed CSR culture into their organizations and improve organizational commitment.

2. RESEARCH BACKGROUND AND HYPOTHESES DEVELOPMENT

2.1. CSR and organizational commitment

Propositions such as *“doing well by doing good”* and *“what is good for society is good for the company”* prompted researchers to address the effect of CSR on various organizational outcomes, including workplace attitudes and behavior. The social exchange theory suggests that employees' commitment will be based on their perception of the value and benefit they receive from the organizational membership (Collier and Esteban, 2007). Organizational commitment, more specifically the affective component that is employees' emotional bond with their organization, has been found to reduce absenteeism and turnover and to improve performance. A research based on organizational support theory shows that affective commitment is a result of perceived organizational support (POS), or employees' perceptions of how they are valued and treated at work (Rhoades et al., 2001). Based on the organizational support theory, it would be expected that socially responsible practices towards employees result in affective organizational commitment. Since CSR is a multidimensional construct, research has explored if and to what extent employees' perceptions of CSR to other stakeholders affect their commitment to the organization. In studying the contribution or influence of corporate social responsibility on affective organizational commitment, researchers have relied on social identity theory (see Turker, 2009b; Brammer et al., 2007), arguing that identification with socially responsible organization can enhance employee's social identity and positively affect commitment to the organization (Turker, 2009b).

Positive perceptions of CSR have a positive relationship with employee commitment (Peterson, 2004; Brammer et al., 2007; Kim et al., 2010; Turker, 2009b). Employee perceptions of CSR can be influenced by external CSR (programs and actions that affect external stakeholders) as well as internal CSR (how the company treats its workforce). External CSR includes actions such as philanthropy and social contributions, treatment of the physical environment and the extent of ethical behavior toward consumers and other stakeholders. Perceptions of CSR are also influenced by public reputation of the company as well as media, more specifically, employees' perceptions of the company's public reputation (Herrbach and Mignonac, 2004). Scholars who have studied

this relationship found out that the most negative effects on employees' perceptions of the company were caused by corporate damage to the environment and inappropriate behavior towards customers. Philanthropy and involvement in social causes, however, were regarded positively by the employees (Brammer et al., 2007). Kim et al. (2010) have also found that the perceived external prestige - the way in which employees believe outsiders see their organization - has a positive relationship with employee company identification.

Employees' perception can, but do not necessarily have to reflect organization's CSR. Employees, even human resource managers, are often disconnected and alienated from CSR, so they may not be aware of the programs their companies have (Fenwick and Bierma, 2008). Even when information is available, some employees may view CSR efforts as adequate, while others will perceive them as insufficient. Personal bias may exist because of gender, tenure, position in the company, or other cultural influences. (Lloyd et al., 2008). A number of ways can be used to rectify individual biases in CSR perception and enhance organizational commitment. It has been suggested that creation of value-based ethics programs that promote ethical awareness, integrity, and willingness to seek advice can increase commitment, integrity and organizational communication (Collier and Esteban, 2007). Organizational commitment can be increased through hiring people whose values are aligned with company's values (Glavas and Piderit, 2009), but also through employee training, where individuals have a chance to learn or enrich their transferable skills and/or skills specific to the organization (Brammer et al., 2007).

Hansen et al. (2011) argued that *"stakeholder perceptions about CSR may be more important than the CSR activities themselves since these perceptions are what constitute the reality upon which stakeholders base their decision, opinions, and attitudes"* (p.31). While CSR can be measured through different means (i.e. corporate reports, indices, etc.), for this study, measuring employee perceptions of CSR to different stakeholders - social and non-social stakeholders (including society, natural environment, future generations and NGOs), employees and customers - is considered the most adequate approach. Based on organizational support theory and social identity theory, we therefore hypothesize that:

- H1: CSR to social and non-social stakeholders, CSR to employees and CSR to customers positively relate to affective organizational commitment.

2.2. CSR and organizational culture

The early results for the CSR – performance relationship prompted researchers to look for mediating mechanisms that may influence this relationship (Hansen et al., 2011). The extent to which employees, as one form of mediating mechanism, may affect the relationship between CSR and organizational outcomes has only recently become a point of interest. Many authors advocate that CSR be internalized/embedded/built-in in order to achieve its full effect (Lazslo and Zhexembayeva, 2011; Dowling and Moran, 2012; Bolton et al., 2011). Collier and Esteban (2007) call for weaving CSR elements into the “*cultural fabric of the business as well as in the hearts and minds of its members*”, essentially building “*an integrative CSR culture*” (p.30).

Organizational culture can be defined as a system where values and beliefs are shared among its members. The extent to which they are shared determines how strong the culture is. Although CSR culture has been mentioned in the literature, it has not been thoroughly examined. As is the case with CSR, many different names have been used to describe CSR culture. Organizational cultures that have been considered ethical (Treviño et al., 1995; Gottlieb and Sanzgiri, 1996; Schwartz, 2013; Berenbeim, 2010), humanizing (Melé, 2003), sustainable (Linneluecke and Griffiths, 2010), stakeholder-oriented (Jones et al., 2007), positive and healthy (Lowe, 2010), and also characterized as respectful, responsible, and oriented towards common good have the same underpinning idea - a shared belief that the purpose of those organizations is more than amassing material capital.

Although CSR efforts are often highlighted and publicized (possibly used as window dressing), it does not necessarily mean that responsibility is present in practice. The extent to which the organization lives its proclaimed CSR values will be reflected in organizational culture. The emphasis is on employee ownership in the process of social responsibility, value-creation and transparency in decision making. The CSR culture can be seen as a culture that balances the material, social and spiritual dimensions in the workplace for the benefit of all stakeholders. The culture of responsibility is characterized by sentiments of trust, honesty, fairness and respect. Such a culture contributes to the greater purpose and produces a number of benefits, including organizational commitment.

Although we acknowledge that the complexity of culture cannot be explained through two traits, this study, following Denison and Mishra (1995) approach, applied two traits that are most often discussed in the CSR culture

literature and related concepts (ethical culture, sustainability culture, etc.) - employee engagement in CSR and shared CSR values. Although by no means are they the only two characteristics of CSR culture, they are here considered as a starting point which is to be expanded and tested at a later date. Therefore, we do not argue that these two elements are CSR culture, rather, that they are likely to be found in CSR culture, and that, in assessment of CSR embeddedness, can be used for comparison with other organizations.

2.3. Values

The most complete approach to studying culture is to address both its core and the manifestations, or values and practices (Hofstede et al., 2010). Values are seen as preferences for certain behaviors or outcomes, the least conscious components that influence our actions. Organizational values are considered the core of organizational culture (Hofstede et al., 2010) and they are most often the values of organizational founders and leaders (Schein, 2010). The extent to which these values can be shared is debated. One argument is that the values in an organization are not necessarily shared, but accepted. They *“are labels which are communicated to employees and other stakeholders via top-down process rather than the result of participative process based on stakeholder dialogue”* (Pruzan, 2010:272). Others hold that the commonly discussed organizational values are not values at all, but *“shared perceptions of daily practices”* (Hofstede et al., 2010: 348).

Individuals do not lose their personal values when they enter the organizations, but they are introduced to certain views which are more or less shared by organizational members. The views are influenced by organizational values – those that are identified as necessary to achieve the desired outcomes (Argandoña, 2003). The founder's or leader's values will be accepted and integrated into the organizational culture only when organizational members observe the successful result of actions informed by values (Schein, 2010).

Values can be categorized based on many types of content. Ethical values are those most studied in association with corporate social responsibility (Trevino, Butterfield and McCabe, 1998; Crane, 2002; Joyner and Payne, 2002; Duarte, 2010; Linneluecke and Griffiths, 2010). The values often associated with CSR- respect, responsibility, honesty, fairness and integrity- are also the ones associated with healthy organizations (Lowe, 2010). The authenticity of organization's CSR is evaluated through existence of these values within the organization. CSR values develop with *“internalizing a CSR commitment and pursuing it as an end in itself”* (Lim and Phillips, 2008; p.150). Changing the

governance model from the shareholder to stakeholder model of governance is an introduction of a more holistic approach that paves the path for embedding CSR standards, and subsequently, CSR values. Firms with traditional profit orientation may have some of the above-noted values, but they cannot be considered CSR values without CSR becoming integrated into the company's core business and strategy. For CSR values the context is crucial, as it differentiates them from other organizational culture values. Therefore:

H2: Employee CSR values partially mediate the relationship between employee CSR perceptions and affective organizational commitment.

2.4. Employee engagement in CSR

Involvement has long been viewed as an important cultural trait (see for example Peters and Waterman, 1982, 2006; Wilkins and Ouchi, 1983), because it helps create a sense of ownership and responsibility, which in turn has been found to foster organizational effectiveness (Denison and Mishra, 1995). In the competing values framework (CVF), involvement is the trait that most strongly characterizes the clan type of culture. The backbone of such culture is human development and participation. In true clan cultures, the workforce is considered an extended family, and rather than referring to individuals as workers and/or employees, companies call them team members, associates, and co-creators.

CSR is a dynamic organizational process in which employees play a crucial role (Bolton et al., 2011). Employee engagement can be seen as a practice used to build the culture of responsibility, but it is, at the same time, a trait of a socially responsible culture. One study showed that employee involvement in CSR *“transformed over a number of years an initially passive, fire-fighting approach into a pro-active strategy that attempts to respond to external, business, and internal concerns”* (Bolton et al., 2011:70). Active engagement in CSR has been found to give employees a sense of purpose, and at the same time strengthen the internal bonds (Lowe, 2010: 184-185). Kim et al. (2010) found that employee participation in CSR leads to employee-company identification, which is positively related to organizational commitment. We can also expect that employees' perception of CSR will influence their willingness to participate in the process. Therefore:

H3: Employee engagement in CSR partially mediates the relationship between employee CSR perceptions and affective organizational commitment.

Organizations which have CSR elements embedded in their culture are more likely to have a positive effect on employees and consequently on organizational performance (see for example Turban and Greening, 1996; Maignan et al., 1999; Riordan et al., 1997; Brammer et al., 2007; Turker, 2009b). In CSR culture, values and practices related to CSR are expected to reinforce each other. At the onset of CSR, practices are more likely to play the main role. Once those practices become a part of everyday work life, they will start to shape the organizational values. Established CSR values, on the other hand, are a solid base for reinforcing the CSR strategic approach.

While CSR culture is by no means represented only by these two elements, they are thought to be the more important ones. Employee engagement in CSR is a good indicator that CSR is not a window dressing and that there exists a long term commitment to the idea of responsibility. The process of educating and involving employees requires support and dedication of the leaders and HRM department, therefore representing strategic orientation to CSR (Epstein et al., 2010). Over time, the practice of employee involvement in the CSR process is likely to change values as well, with focus changing from value for shareholders to value for all relevant stakeholders. We thus propose that CSR has an impact on affective organizational commitment through CSR engagement and CSR values together.

H4: Employee engagement in CSR and employee CSR values together have a full mediation effect on the relationship between employee CSR perceptions and affective organizational commitment.

3. METHODOLOGY

3.1. Sample and data collection

Research was conducted in a European FMCG company that has stores in 11 European countries. To protect its' anonymity, the company will be referred to as "*Eurocomp*". The company has been present in Bosnia and Herzegovina since 2006, and since then has opened 53 stores and has over 430 employees. The vast majority of employees are sales people, with a small number of distributors, managers and office staff. *Eurocomp* enjoys a good reputation among its workforce, 85% of which, according to internal surveys, are satisfied with *Eurocomp* as its employer. Additionally, 9 out of 10 employees are proud to work for the company.

3.2. Sample characteristics

The research was conducted in Bosnia and Herzegovina – in stores dispersed throughout the country and the headquarters. A total of 230 questionnaires was distributed, and 202 responses were collected. The researchers first approached the store manager, presenting the approval to conduct research, and left the exact number of surveys to be filled out and envelopes to secure anonymity, agreeing on collection time and date. Office staff with headquarters was surveyed in the same way. Participation in the survey was voluntary. The response rate was 88%. Out of 202 responses, missing data reduced the number to 196 responses which were used for the analysis.

The majority of the *Eurocomp's* workforce are women, so it is not surprising that the vast majority of respondents were female (88.3%), while 5.1% were males, and 6.6% omitted this question. The majority (56.9%) of respondents were aged 26-35, 9.4% were aged 18-25, 27.6% were aged 36-45, 5% were aged 46-55, and 1% were aged 56-65. In terms of education, 88.3% had a high school degree, 11% had a university diploma, and 0.5% had a master's degree. In terms of tenure, 23.5% were with the company for 2 years or less, 41.8% were with the company for 2-5 years, and 16.3% for 6-10 years. 18.6% did not answer this question. Only about 67% of respondents gave information about the position they held in the company and out of those, 63.2% were employed in the store (48.9% salespersons, 5.6% store managers, and 8.7% of assistants to store managers), 1% of headquarters managers, 2.5% of headquarters staff, and 0.5% distribution personnel.

3.3. Measures

Employees' perceptions of CSR were measured with the scale adapted from Turker (2009b). The 17-item scale in Turker (2009b) included two items that measured CSR to the government which were not included in this study, as meeting legal requirements and paying taxes is considered an obligation. The scale was subjected to CFA, which did not show a good model fit. After two items with high standardized residual covariances were removed, the model was greatly improved.

The fit indices were as following: CMIN =79.702, df =48, p =.003, (CMIN/DF) =1.660; (GFI) =.939, (AGFI) =.900, Comparative Fit Index (CFI) = .972, Root Mean Squared Error of Approximation (RMSEA) = .058, and PCLOSE =.261. The model was tested for validity and reliability.

Table 1. Reliability and validity scores and factor correlation matrix with square root of AVE on the diagonal.

	CR	AVE	MSV	ASV	Customers	Employees	Society
Customers	0.771	0.529	0.230	0.208	0.727		
Employees	0.856	0.667	0.275	0.230	0.430	0.817	
Society	0.896	0.593	0.275	0.252	0.480	0.524	0.770

Employees rated their organizations' CSR on three dimensions: CSR to employees, CSR to customers, and CSR to social and non-social stakeholders. The fourth dimension, CSR to the government, was excluded from this model as it is already considered a legal obligation. The scale uses a five-point Likert-type scale ranging from strongly agree to strongly disagree.

Previous studies of CSR culture relied on qualitative approaches (Duarte, 2011; Bolton et al., 2011). This study used the scale that measures the presence of CSR elements in organizational culture, specifically employee engagement in CSR and CSR values (Prutina, 2015). The scale uses a five-point Likert-type scale ranging from strongly agree to strongly disagree. Validity and reliability were checked for both engagement and values. For engagement, AVE = .529 and CR = .848; for values, AVE = .526 and CR = .886.

Questions relating to commitment were adapted from Rhoades, Eisenberger and Armeli (2001) in order to test the affective commitment to the company. Three items from the "Affective Organizational Commitment" factor were used ("I feel a strong sense of belonging to my organization"; "I am proud to tell others I work in my organization"; "I would be happy to work for my organization until I retire"). The participants rated their emotional bond to their organization - affective commitment- on a 5-point Likert-type scale ranging from strongly agree to strongly disagree. This latent construct shows validity with AVE = .70 and reliability with CR = .84.

4. RESULTS

All factor loadings were above the recommended cut-off levels (average .7 per latent variable), and average variance extracted (AVE) values were above 0.50, which provided evidence of reliability and convergent validity. Since the AVE value for each variable was greater than the square of the correlation between each variable and all other variables in its respective measurement model, there were no issues with discriminant validity (Hair et al., 2009).

To test our hypotheses, we used the PROCESS module for SPSS. Interpretation of the output was done following Hayes (2013), and Field (2014). For each of the CSR perceptions (CSR to employees, CSR to customers, CSR to society) we tested the total effect (i.e. without mediator variable), direct effect (i.e. when the mediator is included in the model), and indirect effect (i.e. the effect of the predictor on the outcome through mediator variable) on affective organizational commitment. After testing for total effect, we first tested direct and indirect effect of employee engagement in CSR values separately for each CSR perceptions variable, following the effect of the model that includes both mediating variables at the same time.

Table 2. Measurement model: average variance extracted (AVE) and factor loadings.

Latent construct	AVE	Reliability	Items	Loadings
CSR to employees	0.667	0.856	CSR_emp3	0.73
			CSR_emp4	0.92
			CSR_emp5	0.78
CSR to customers	0.529	0.771	CSR_cust1	0.71
			CSR_cust2	0.72
			CSR_cust3	0.75
CSR to society	0.593	0.896	CSR_soc1	0.74
			CSR_soc2	0.63
			CSR_soc3	0.87
			CSR_soc4	0.85
			CSR_soc5	0.80
			CSR_soc7	0.71
Employee CSR engage.	0.590	0.848	eecsr_2	0.66
			eecsr_5	0.74
			eecsr_6	0.71
			eecsr_7	0.77
			eecsr_8	0.75
CSR values	0.526	0.866	csrv_1	0.78
			csrv_2	0.71
			csrv_3	0.71
			csrv_4	0.69
			csrv_5	0.71
			csrv_7	0.78
			csrv_8	0.70
Affective commitment	0.70	0.84	aoc_1	0.76
			aoc_2	0.93
			aoc_3	0.81
N = 196				

In testing the total effect of each of CSR perceptions, the study found that each CSR factor (CSR_{soc}, CSR_{emp}, CSR_{cust}) significantly predicts affective organizational commitment (AOC).

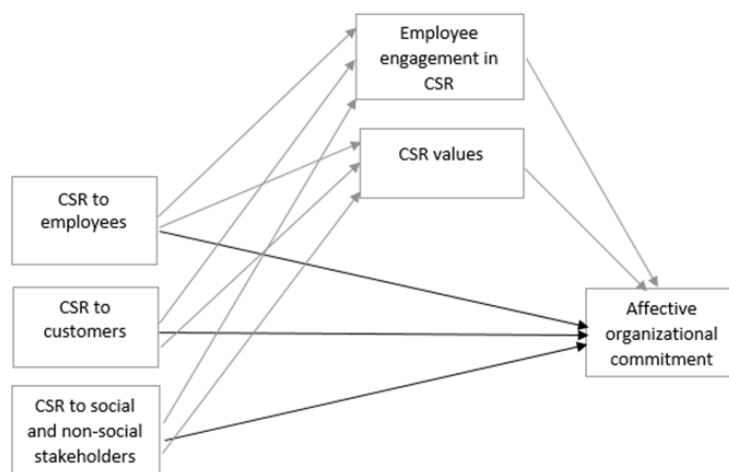


Figure 1. Mediated model of CSR effect on affective organizational commitment

In other words, although relatively small ($b=0.50$, $b=0.36$, and $b=0.24$ respectively) there exists a positive relationship between CSR and AOC. *This finding lends support to H1.*

We also expected to find partial mediation- both direct and indirect effects- for each of the mediators, employee CSR values (CSR_V) and employee engagement in CSR (EECSR). With CSR_V in the model, the effect of CSR_{soc} and CSR_{cust} was significant, while the effect of CSR_{emp} was not significant. There was a significant indirect effect for all CSR dimensions through CSR_V. H2 is supported by the results for CSR_{soc} and CSR_{cust}, where both direct and indirect significant effects were present. CSR_{emp}, however, was found to fully mediate the model, since it only had an indirect effect on AOC through CSR_V. *Therefore, we conclude that mediation has occurred, but findings only partially support H2.*

With EECSR in the model, the effects of CSR_{soc} and CSR_{cust} were not significant and the effect of CSR_{emp} was highly significant. There was a significant indirect effect for each of the three CSR dimensions on AOC through EECSR. The findings therefore fully support H3 only in the case of employee perceptions of CSR to employees (CSR_{emp}), where both direct and

indirect effects are found to be significant. For the other two CSR dimensions (CSR_{soc} and CSR_{cust}) no significant direct effect was found. Overall, the indirect effect on AOC for all dimensions of employee engagement in CSR is significant, but relatively small. H3 is partially supported by these findings.

Table 3. Direct and indirect effects of CSR values and employee engagement in CSR as mediators.

Indep. var.	Total effect (c)	Direct with EECSR	Indirect through EECSR	Direct with CSRV	Indirect through CSRV	Direct with EECSR and CSRV	Indirect through EECSR and CSRV
CSR _{soc}	b=0.50, t=7.96, p<0.001	(NS)	b=.436, 95%BCaCI [0.297; 0.594]	b=0.22, t= 3.99, p<0.001	b=0.27, 95%BC aCI [0.158; 0.423]	(NS)	EECSR b=0.23, 95%BCaCI [0.10;0.39] CSR _V b=0.22, 95%BCaCI [0.12; 0.37]
CSR _{emp}	b=0.36, t=5.37, p<0.001	b=0.19, t=3.38, p<0.001	b=0.17, 95% BCaCI [0.08; 0.3]	(NS)	b=0.30, 95% BCaCI [0.19; 0.42]	(NS)	EECSR b=0.10, 95%BCaCI [0.05;0.19] CSR _V b=0.20, 95%BCaCI [0.13; 0.30]
CSR _{cust}	b=0.24, t=3.47, p<0.001	(NS)	b=0.17, 95%BCaCI [0.07; 0.27]	b=0.11, t=2.23, p<0.05	b=0.13, 95%BC aCI [0.015; 0.256]	(NS)	EECSR b=0.09, 95%BCaCI [0.03;0.169] CSR _V b=0.09, 95%BCaCI [0.04; 0.30]

Note: If the bootstrapping confidence interval does not have 0, the effect is significant.

To test H4, we included both mediating variables (employee engagement in CSR and CSR values) in the model. The total effect of CSR employee perceptions on affective organizational commitment (in the model without mediators) was significant (p<0.001) for all three CSR dimensions. The direct effect (the relationship between each of the CSR dimensions and AOC while controlling for EECSR and CSR_V) was not significant for any of the three

dimensions of CSR employee perceptions. The indirect effect of CSR_{soc}, CSR_{emp}, and CSR_{cust} on AOC through two mediators was found to be significant. We can therefore say that findings support H4, and that CSR positively affects AOC through EECSR and CSRV.

5. DISCUSSION

The results of this study confirm the earlier findings about CSR impact on affective organizational commitment (Turker, 2009b). Individually, employee engagement in CSR and shared CSR values have a mediating effect on the relationship between the three dimensions of CSR and organizational commitment. This study also posited that employee engagement in CSR and shared CSR values together are likely to influence and positively affect the strength of this relationship, and found support for this proposal.

In case when CSR Values is included as the mediator, CSR to social and non-social stakeholders, as well as CSR to customers still had a significant effect on commitment. This was expected, as CSR-related practices are usually introduced before embedding CSR values. The path to CSR is an iterative process in which positive practices that yield the desired results over time start to affect the existing values to shape them into CSR values. Responsible behavior to society at large and natural environment and responsible behavior to customers have a positive effect on affective organizational commitment, but that effect increases once employees embrace CSR values.

CSR to employees, however, did not have a significant effect once CSR values were in the model - it had a significant effect on commitment *only* through values. Although it is somewhat unusual to see full mediation, in this case it can be suggested that once employees internalize CSR values, it is not the perceptions, but everyday experiences underpinned by those values that guide their commitment to the organization. On a more general note, this finding lends support to the importance of organizational values (the backbone of organizational culture) in achieving the desired organizational outcomes, and that values have a stronger impact than perceptions, and deserves further exploration.

Employee Engagement in CSR was found to impact relationships between CSR perceptions and affective organizational commitment for all CSR dimensions, as it showed the reduction of the effect of CSR perceptions on organizational commitment. Being involved in the process of CSR development and implementation can affect employees' attitudes and behaviors towards the

organization, as previous studies have shown (i.e. Bolton et al., 2011; Kim et al., 2010). The results, however, show that the impact of employee engagement in CSR differs for the three stakeholder groups. For example, without significant direct effect and with significant indirect effect, we can see the evidence of strong mediation for CSR_{soc} and CSR_{cust}. The perceptions relating to these two dimensions of CSR are less likely to predict organizational commitment once employees become personally engaged in CSR. However, both perceptions and engagement in CSR remain important in case of CSR_{emp}. We can conclude that when employees perceived their organization as just and fair in dealing with them, they will be likely to stay with the organization, but that the effect on commitment is slightly stronger when they engage in CSR.

Finally, we expected that, together, employee engagement in CSR and shared CSR values would have a greater impact on the relationship than if only one element was present. The findings support this hypothesis and resonate the importance that CSR culture plays in CSR efforts and improvements in organizational performance. Regardless of whether the perceptions of CSR are related to customers, society and non-social stakeholders, or employees, they are not expected to impact organizational commitment when CSR values are present and employees are engaged in CSR.

Companies can have different motives and different approaches to social responsibility. Those firms that utilize CSR for profit maximization purposes usually only have espoused values - those proclaimed by top management but not embraced by employees - without employee involvement in CSR process, and they are usually not considered socially responsible by neither employees nor other stakeholders.

Therefore, even if they become involved in CSR-related actions, it is doubtful that such actions would affect employees' organizational commitment. Firms that are motivated by the long-term creation of values for stakeholders can have more favorable organizational outcomes, in this case organizational commitment, if their employees have positive perceptions about their companies' behavior towards different stakeholder groups.

This study shows that the effect of CSR on organizational commitment becomes even greater when companies devoted to value creation build a culture based on CSR values and employee engagement in CSR, and lends support to the research that advocates strategic approach to CSR that involves building of CSR culture (Lazslo and Zhexembayeva, 2011; Dowling and Moran, 2012; Bolton et al., 2011, Collier and Esteban, 2007).

5.1. Theoretical and practical implications

The results of this study support works that advocate building value-based companies that engage its employees in creating a responsible business. They also demonstrate the value of accounting for the impact of organizational culture. Finding how two elements that characterize CSR culture helped explain how perceptions of CSR to stakeholders affect organizational commitment, which can be seen as initial evidence of the measurable effect of CSR culture. This study also demonstrated the need for further study of mediating (and moderating) effects on the relationship between CSR and various organizational outcomes.

For companies, this study can provide a direction in the process of CSR implementation. While external CSR (to customers and social and non-social stakeholders) is important for positive organizational outcomes, such as commitment, internal CSR must be equally so. Disheartening evidence of irresponsible behavior to employees is still very much abound, whereas the results show that the responsibility to employees is the most important link to building CSR. Resonating earlier works on stakeholder management, this research also supports an inside-out, holistic approach to CSR, through building values and supporting employee ownership of the CSR process.

5.2. Limitations and future directions

This study provides some evidence in support of the hypotheses, although there are some limitations. Most of the contributions to CSR writing are from the Anglo-Saxon and Continental European perspectives. The research was conducted in a country that has its fair share of political and economic troubles, as well as cultural peculiarities and specific national business system heritage. The company employees are locals working for a European company known for its responsible behavior. With high unemployment and much unethical and illegal business dealings in the country, employees are thankful to have employment, and especially working for a company that applies the same European standards in Bosnia and Herzegovina as well. The external influence may somewhat distort the perception of social responsibility and affective commitment as the final outcome. More studies are needed in different cultural settings and in different national business systems.

Another limitation is the number of mediating variables and simplicity of the model. While it has been noted that the two identified elements of CSR culture are not the culture, we can only conclude that those two elements

together have a predicted impact. More research is necessary to identify additional traits and elements of CSR cultures (i.e. leadership support, practices such as CSR education, etc.) to be included in the model. It would also be useful to expand the number of outcome variables, so in addition to organizational commitment the effects on job satisfaction and/or absenteeism can be tested as well.

Finally, when considering the role and impact of CSR culture, it would be more useful to conduct both quantitative and qualitative analysis. While the quantitative approach used in this study is better for comparison across organizations, it would add depth to the study to include interviews and observations. Organizational culture is a complex phenomenon that is often reduced to a few dimensions to better understand it. To understand the meaning of CSR culture, as well as its impact on organizational outcomes, future research should use either integrated or mixed-design research (Srnrka & Kőszegi, 2007).

6. CONCLUSION

The 21st century business is pushing the limits of the traditional business thought. Corporate social responsibility, stemming from internal values or social and environmental pressures, is becoming the norm. The question is not whether to be responsible, but how to reap the best long-term benefits from CSR. The often heard advice is through ethical values and behavior, as well as strategic approach to business. When such values and practices are present within the company, they help create the culture of social responsibility. This work shows just one positive effect of having elements of such culture, and hopefully provides a starting point for much needed academic research and practical application.

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DRUŠTVENO ODGOVORNO POSLOVANJE (DOP), ELEMENTI KULTURE DOP-a I NJIHOV UTJECAJ NA ORGANIZACIJSKU PREDANOST

Sažetak

Veliki interes za društveno odgovorno poslovanje (DOP) utjecao je na istraživanja, kojima se analiziraju organizacijski ishodi DOP-a. Iako postoje neki dokazi o pozitivnoj povezanosti DOP-a i organizacijske predanosti, u ovom se radu identificiraju dva elementa organizacijske kulture – vrijednosti DOP-a te angažman zaposlenika u DOP-u, koji se tretiraju kao medijatori u prethodno naznačenoj povezanosti. Rezultati anketnog istraživanja 196 sudionika potvrđuju pretpostavke da percepcije DOP-a od strane

zaposlenika pozitivno djeluju na organizacijsku predanost, ali i indiciraju da oba predložena medijatora pozitivno utječu na prethodno opisanu vezu, kao i da je ukupan efekt jači, ukoliko su oba medijatora uključena u model.